

Message Text

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ACTION ARA-10

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1558

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FOR ARA/PAN

E.O. 11652: N/A

TAGS: PFOR, PN

SUBJECT: PANAMANIAN USE OF TRANSISTHMIAN PIPELINES

SUMMARY: GOP HAS SIGNED A CONTRACT FOR FEASIBILITY STUDY ON USE OF NAVY'S TRANSISTHMIAN PIPELINE TO TRANSPORT FUEL FROM ATLANTIC TO PACIFIC SIDES. PROJECT PRDVIOUSLY DISCUSSED AS A UNILATERAL ACTION. EMBASSY REQUESS DEPARTMENT OBTAIN NAVY APPROVAL FOR CONTRACTOR ACCESS TO PIPELINE FOR FEASIBILITY STUDY. END SUMMARY.

1. PANAMA'S INSTITUTE FOR HYDRAULIC RESOURCES AND ELECTRRIFICATION (IRHE) HAS SIGNED A \$100,000 CONTRACT WITH BUTLER ASSOCIATES, INC. OF TULSA, OKLAHOMA FOR A FEASIBILITY STUDY ON UTILIZATION OF THE U.S. NAVY'S TRANSISTHMIAN PIPELINE. LOCAL PRESS CARRIED STORY ON APRIL 13, NOTING THAT PURPOSE OF STUDY IS TO DETERMINE IF EXCESS PIPELINE CAPACITY CAN BE USED BY PANAMA TO TRANSPORT FUEL FROM THE ATLANTIC TO THE PACIFIC.

2. THE GOP HAS BEEN INTERESTED FOR SOME TIME IN USING THE PIPELINE TO TRANSPORT PETROLEUM PRODUCTS FROM THE ATLANTIC
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SIDE REFINERY TO PANAMA CITY. THESE PRODUCTS ARE CURRENTLY TRUCKED OVER THE TRANSISTHMIAN HIGHWAY, RESULTING IN HIGH TRANSPORTATION COSTS AND HEAVY WEAR ON THE HIGHWAY. THE PROJECT WAS DISCUSSED AS A POSSIBLE UNILATERAL ACTION AT THE MARCH 18, 1976 MEETING OF THE U.S.-PANAMA JOING COMMISSION ON COMMERCIAL ACTIVITIES. A CONSENSUS WAS EXPRESSED THEN THAT AN ENGINEERING FEASIBILITY STUDY WAS A PREREQUISITE FOR FURTHER CONSIDERATION

OF THE PROPOSAL.

E. PREPARATION OF THE STUDY, SCHEDULED TO BEGIN IN EARLY MAY, WILL REQUIRE PHYSICAL ACCESS TO THE PIPELINE AND PUMPING SYSTEMS BY THE CONTRACTOR, U.S. NAVAL STATION PANAMA HAS INDICATED, BOTH TO THE EMBASSY AND TO IRHE, THAT CUSH ACCESS CANNOT BE GRANTED WITHOUT CLEARANCE FROM THE DEPARTMENT OF THE NAVY.

4. ACTION REQUESTED: DEPARTMENT TO CONTACT NAVY DEPARTMENT AND EXPEDITE CLEARANCE FOR PIPELINE ACCESS.

5. COMMENT: EMBASSY FEELS THAT FACILITATING THE PREPARATION OF PIPELINE STUDY IS IMPORTANT AS DEMONSTRATION OF OUR GOOD FAITH, PARTICULARLY SINCE U.S. AGREED IN MARCH 1976 THAT FEASIBILITY STUDY WOULD BE NECESSARY. HOWEVER, THERE ARE INHERENT PITFALLS IN THE PROJECT. LOCAL MEDIA COVERAGE AND REQUIRED CO-ORDINATION WITH CANAL ZONE RAISES THE POSSIBILITY THAT PROJECT WILL RECEIVE CONGRESSIONAL ATTENTION SIMILAR

TO THAT ACCORDED RECENT GOP PROPOSAL TO SHIP SUGAR THROUGH THE PORT OF BALBOA.

6. FOLLOWING PAST PRACTICE, THE GOP WILL LIKELY RAISE THE ISSUE OF ARRANGEMENTS FOR JOINT UTILIZATION OF THE PIPELINE IN ANY FORUM THAT IT DEEMS SUITABLE, PROBABLY INCLUDING NEXT ROUND OF TREATY NEGOTIATIONS. IT WOULD BE DESIRABLE TO HAVE GRANTED ACCESS FOR THIS LIMITED OFFICIAL USE

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FEASIBILITY STUDY PRIOR TO THAT TIME.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Note: 25 YEAR REVIEW
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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